



September 2022

# LATAM's Plan of Reorganization

## Alternatives for Class 5 Creditors

## On this presentation

This presentation (“**Presentation**”) is for summary purposes only and does not purport to be a complete description of LATAM Airlines Group S.A.'s restructuring or the Plan of Reorganization (the “**Plan**”). It should be reviewed in conjunction with the applicable provisions of the Plan and the other restructuring documents, including but not limited to the confirmation order and the disclosure statement (the “**Restructuring Documents**”). In the event of a conflict between this Presentation and any of the Restructuring Documents, the Restructuring Documents will prevail. This Presentation shall not constitute an offer to sell, or the solicitation of an offer to buy, any securities. This Presentation has been prepared to provide information primarily to holders of filed and scheduled general unsecured claims against LATAM Parent (other than local bonds and BCA claims) interested in LATAM Airlines Group S.A.'s Chapter 11 proceeding and for no other purpose.

**You should review carefully the Restructuring Documents**, including, in particular, **the step-down mechanism whereby the convertibility ratio of Convertible Notes will be reduced to half** if they are not converted into shares within the 60 days from the Effective Date.

# What are the different options for unsecured creditors (Class 5)?



## 1. Class 5a treatment

### Convertible Notes A

- Class 5a Treatment Creditors will receive Convertible Notes Class A and an additional cash distribution in settlement of their allowed unsecured claims.
- Election Record Date is September 13, 2022
- The Convertible notes will be eligible to be converted to shares on the Effective Date at a given convertibility ratio for up to 60 days. After 60 days this convertibility ratio will be reduced by 50%.
- All Convertible Notes A that have not converted to common shares will automatically convert to shares at such time as 50% of the Convertible Notes A elect to convert.

## 2. Class 5b treatment

### Convertible Notes A and C

- Holders who elect Class 5b treatment will receive Convertible Notes Class C for a portion of their claims and Convertible Notes Class A for the remainder, in settlement of their claims, plus an additional cash distribution.
- Creditors will need to contribute approximately US\$0.91 of new money for every US\$1 of allowed claim in exchange for approximately US\$1.91 of Convertible Notes C.
- Election Record Date is September 13, 2022.
- The Convertible Notes C will be eligible to be converted to shares on the Effective Date at a given convertibility ratio for up to 60 days. After 60 days this convertibility ratio will be reduced by 50%.
- As in the case of Convertible Notes A, all the Convertible Notes C issued will be fully converted to shares at such time as holders of at least 50% of the Convertible Notes C elect to convert.

## 3. Class 5c treatment

### UF Local Bond

- ~US\$128 million equivalent in UF Local Bond in settlement of unsecured claims.
- Maturity: December 31, 2042.
- Interest: 2%.
- Election Date to determine which creditors wanted to subscribe Local Bonds in settlement of their claims expired on June 29, 2022.
- The UF Local Bonds are not convertible.
- Creditors\*\* who partially elected their claims into Class 5c treatment can not elect any of their claims into 5b treatment, and will therefore will receive Class 5a treatment.

\*\*Not applicable to backstop parties.

Note: Creditors will need to certify eligibility in order to receive either the New Convertible Notes Class A or Class C.

Election Record Date will be the date used to determine the holders of record of claims who will be eligible to participate in the election process to receive Class 5b or Class 5a Treatment under the Plan.

Effective Date: Date of emergence from Chapter 11.

## Details of Convertible Notes

### CONVERTIBLE NOTES CLASS A Approximately US\$1,257 million

Fully delivered in settlement of claims for **US\$1,257 million**

**Face value:** US\$1 for each convertible note

**Maturity:** December 31, 2121

**Interest:** does not accrue interest

**1,257,002,540** convertibles notes to be issued

Convertible into **19,992,142,087** shares

**Convertibility:** 15.9 shares approx. for each note

*Approximate Recovery: **US\$0.1929** for each dollar of claims  
This is an estimated recovery. Recovery ratio will be adjusted based on claim reconciliation process currently ongoing and creditors' elections. Nothing herein shall be construed as an assurance by LATAM of obtaining a minimum recovery under the Plan.*

*Convertibility ratio is reduced to half if Convertible Notes are not converted into shares within the first 60 days from the Effective Date*

### CONVERTIBLE NOTES CLASS C Approximately US\$6,863 million

Delivered in exchange of a combination of (i) settlement of claims for approximately **US\$3,594 million**; and (ii) a new money contribution of approximately **US\$3,269 million**

**Subscription price** of approximately **US\$0.91** in new money plus US\$1 of claims in exchange for approximately US\$1.91 of convertible notes

**Face value:** US\$1 for each convertible note

**Maturity:** December 31, 2121

**Interest:** does not accrue interest

**6,863,427,289** convertibles notes to be issued

Convertible into **385,337,858,290** shares

**Convertibility:** 56.1 shares approx. for each note

*Approx. blended investment value<sup>\*\*</sup>: **US\$0.6810** for each US\$1 of claims  
This is an estimated recovery. Recovery ratio will be adjusted based on claim reconciliation process currently ongoing and creditors' elections. Nothing herein shall be construed as an assurance by LATAM of obtaining a minimum recovery under the Plan.*

*Convertibility ratio is reduced to half if Convertible Notes are not converted into shares within the first 60 days from the Effective Date*

**Note:** Conversion from dollar amount in claims to number of notes will round down (individually) and as such, any remaining decimal places will not receive any recovery under the Plan. Convertible Notes Class C are fully backed by the Commitment Creditors and Backstop Local Bondholders (as defined in the Plan).

**\*\***Calculated over the face value of US\$1 in claims plus the new funds necessary to subscribe New Convertible Notes Class C, which for every US\$1 of claims will amount to US\$0.91. These recoveries don't include the Additional Cash Distribution introduced in the amended Plan of Reorganization filed on June 18, 2022.

## Illustrative Recovery Estimates - Classes 5a and 5b Treatment

This is an estimated recovery. Recovery ratio will be adjusted based on claim reconciliation process currently ongoing and creditors' elections. Nothing herein shall be construed as an assurance by LATAM of obtaining a minimum recovery under the Plan.

|   | Class 5a         |  | Class 5b         |                  |
|---|------------------|--|------------------|------------------|
|   | Convert A        |  | Convert A        | Convert C        |
| Proportion of claims between securities         | 100.00%          |  | 64.77%           | 35.23%           |
| <b>Nominal Value in Claims (US\$)</b>           | <b>\$ 1.0000</b> |  | <b>\$ 0.6477</b> | <b>\$ 0.3523</b> |
| New money contribution                          | -                |  | -                | \$ 0.9095        |
| No. of Notes                                    | 1.0000           |  | 0.6477           | 0.3523           |
| Convertibility (No. of shares per 1 Note)*      | 15.9             |  | 15.9             | 56.1             |
| No. of Shares*                                  | 15.9             |  | 10.3             | 19.8             |
| % Ownership                                     | 0.0000000026228% |  | 0.0000000016989% | 0.0000000032614% |
| <b>Converts Recovery (US\$)</b>                 | <b>\$ 0.1929</b> |  | <b>\$ 0.1250</b> | <b>\$ 0.2399</b> |
| <b>Converts Recovery (%)</b>                    | <b>19.3%</b>     |  | <b>19.3%</b>     | <b>68.1%</b>     |
| <b>Cash Distribution (minimum guaranteed)**</b> | <b>4.9%</b>      |  | <b>2.4%</b>      | <b>-</b>         |
| <b>Total Recovery (%)</b>                       | <b>24.2%</b>     |  | <b>21.7%</b>     | <b>68.1%</b>     |

|   |                 |
|---|-----------------|
| New Total Number of Shares                    | 606,407,693,000 |
| Equity Value (as per the Reorganization Plan) | 7,355,411,628   |

\*Approximate numbers.

- **The Illustrative Recovery Calculations above are based on the Equity Value agreed in the Plan of Reorganization. Actual recoveries may change.**
- The Illustrative Recovery Calculations above calculate the recovery of each Convertible Note considering US\$1 in claims and a total conversion into shares.
- US\$1 in Allowed claims gives the holder the right to elect to receive 1 Convertible Note Class A under Class 5a Treatment or approximately 0.65 and 0.35 Convertible Notes Class A and C, respectively (though subject to adjustment based on ongoing reconciliation of the claims pool), under Class 5b Treatment, which can be converted into new shares based on a convertibility ratio of 15.9 shares for each dollar of convertible note in the case of New Convertible Notes A, and 56.1 shares in the case of New Convertible Notes C.
- Upon conversion to shares, Class 5b Treatment creditors are expected to own approximately 0.0000000026228% of Reorganized LATAM while Class 5a Treatment creditors are expected to own approximately 0.0000000049603%.
- Considering the referential Equity Value of LATAM proposed in the Plan of Reorganization of US\$7,355 million, this ownership of 0.0000000026228% (0.0000000016989% and 0.0000000032614%) on the new capital structure will be worth approximately US\$0.1929 (US\$0.1250 and US\$0.2399), which represents a recovery (recovery and blended investment value) of approximately 19.3% (19.3% and 68.1%) for Convertible Notes Class A under Class 5a (Convertible Notes Class A and C, respectively, under Class 5b) considering a nominal value of US\$1 in claims.
- \*\*Additionally, the amended version of the Plan of Reorganization filed on June 18, 2022, includes an Additional Cash Distribution for all creditors that receive Class 5a or Class 5b Treatment in settlement of their claims. This Total Allocation Amount (as defined in the Plan) could vary depending on the EBITDAR achieved by the Company between January 1, 2022 and the calendar month date that is at least 15 days prior to the Effective Date. However, creditors who subscribe their claims exclusively under Class 5a Treatment will receive a minimum cash payment equal to 4.875% of the value of their claims, while those who subscribe under Class 5b Treatment will receive a minimum cash payment equal to 2.4375% of the value of their claims for the proportion of their claims that receive New Convertible Notes Class A.

# Operational matters and next steps

## 1. Eligibility

- i. Creditors who elect to receive Class 5a or Class 5b Treatment are required to have a Chilean brokerage account capable of holding Chilean securities or certify that they are ineligible holders prior to submitting their election forms.
- ii. Creditors who do not have a Chilean brokerage account, and do not timely certify to the Debtors via their election form of their legal inability to open such account, or that they are legally unable to hold Chilean securities, will be deemed Non-Complying and will forfeit any right to receive distributions in respect of their allowed claims. Creditors who certify their legal inability to open a Chilean brokerage account (or hold Chilean securities) will be deemed an Ineligible Holder, in which case they will receive a cash payment following the sale of the shares underlying the New Convertible Notes Class A corresponding to them, as further described in the Plan and the other Restructuring Documents.

Holders will receive a unique election form ID from Kroll the week of September 19th in order to access a Kroll election website where they will, among other things, certify their eligibility to receive Plan Securities, submit their Class 5b elections and upload certain Subscription Documents, where applicable. Furthermore, Holders have been provided a unique banking ID to input their banking information in order to receive their corresponding cash payment.

If you have not received the banking unique ID to enter your banking details please reach out to Kroll at Kroll's toll free information line at (877) 606 606-3609 (U.S.); (800) 914 246 (Chile); (800) 591 591-1542 (Brazil), or e-mail [lataminfo@ra.kroll.com](mailto:lataminfo@ra.kroll.com). After September 23, 2022 if you have not received your election form unique ID, please reach out to Kroll.

## 2. Treatment Election Process (applicable to eligible creditors)

- Election Record Date is September 13, 2022.
- On September 13, 2022, the offering circular and offering procedures will be available on Kroll's website and posted on the docket. Claimholders will receive an email and/or mailing with links to the offering circular which will include the offering procedures and election form and the Unique ID to complete and submit the election form. The election form must be filled in and submitted online no later than the date included in the offering circular, including their treatment election, subscription documentation, a W8/W9 (as applicable), form of subscription agreement, information of the brokerage account where the convertible notes are to be deposited, and applicable cash consideration.

## 3. Next Steps

- i. Eligible holders:
  - **Class 5a treatment** creditors will receive their respective Convertible Notes A on or within 10 business days of the Effective Date. Their conversion to shares will be enabled on the same date at a given convertibility ratio for up to 60 days after the Effective Date. After 60 days this convertibility ratio will be reduced by 50%.
  - **Class 5b treatment** creditors will need to send their new money contribution to an escrow account at the time of subscription in accordance with the instructions on the election form. They will receive their respective Convertible Notes Class A and Convertible Notes Class C on or within 10 business days of the Effective Date. Their conversion to shares will be enabled on the Effective Date at a given convertibility ratio for up to 60 days. After 60 days this convertibility ratio will be reduced by 50%.
- ii. Ineligible holders (that certify their ineligibility): will receive a cash distribution within 90 days of the Effective Date in respect of their claims as set forth in the Plan.